



October 2016

# VETERANS HEALTH CARE

## Improvements Needed in Operationalizing Strategic Goals and Objectives

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#### Why GAO Did This Study

Veterans' health care needs may change due to changes in veteran demographics and other factors. Strategic planning, including identifying mission, vision, goals, and objectives, and operationalizing strategies to achieve those goals and objectives are essential for VHA to establish its strategic direction to respond to these changing demands and provide care in a dynamic environment.

GAO was asked to review VHA's strategic planning. This report examines (1) VHA's strategic planning process and (2) the extent to which VHA operationalizes its strategic goals and objectives. GAO reviewed VHA strategic planning documents; and interviewed officials from VA and VHA central office, three VISNs selected to provide variation in geographic location, and nine VAMCs within these VISNs selected to provide variation in factors such as geographic location and facility complexity. GAO evaluated VHA's actions against federal standards for internal control and leading practices for strategic planning.

#### What GAO Recommends

GAO recommends that VHA (1) specify VAMCs' roles and responsibilities in operationalizing its strategic goals and objectives, (2) develop detailed strategies to operationalize its goals and objectives, and (3) develop an oversight process to assess progress made. VA concurred with GAO's recommendations.

#### What GAO Found

The Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) uses a multi-step strategic planning process to develop its strategic goals and objectives, which includes two key steps—(1) identifying and assessing factors that may affect health care delivery, which is referred to as environmental scanning, and (2) holding the annual National Leadership Council (NLC) Strategic Planning Summit—according to officials. VHA officials told GAO that they leverage VA's environmental scanning results in making decisions regarding VHA's strategic goals and objectives and that VA's central office has historically had a role in aspects of VHA's strategic planning process—such as participating in the NLC summit.

VHA relies on the VA medical centers (VAMC) that directly provide care to veterans and the Veterans Integrated Service Networks (VISN), regional entities to which the VAMCs report, to operationalize its strategic goals and objectives. However, certain limitations in VHA's processes hinder VISNs' and VAMCs' efforts in operationalizing these goals and objectives. Specifically,

- VHA has not specified VAMCs' role and responsibilities in its strategic planning guidance, as it has for VISNs. For example, VHA's directive for VISNs clearly states how VISN directors are to operationalize VHA's operational plans; no such directive exists for VAMC officials. Similarly, VHA provided VISNs a strategic planning guide for operationalizing its current strategic plan, but did not provide a similar guide to the VAMCs.
- VHA has not developed detailed strategies for VISNs and VAMCs to use in operationalizing all of its strategic goals and objectives. According to leading practices for strategic planning, strategies should describe how strategic goals and objectives are to be achieved, including a description of the operational processes, staff skills, technology and other resources required. In September 2014, VHA published the *Blueprint for Excellence* to provide strategies for transforming VHA health care service delivery in response to concerns regarding the VHA wait-time crisis that year. However, it did not develop similar strategy documents for other years or for the other goals and objectives in its strategic plan.
- VHA does not have an effective oversight process for ensuring and assessing the progress of VISNs and VAMCs in meeting VHA's strategic goals and objectives. According to VHA officials, VHA relies on two methods for assessing performance towards meeting selected strategic goals and objectives. Specifically, VHA uses VISN and VAMC directors' individual annual performance plans, as well as veteran survey information, to assess VHA's performance towards meeting certain metrics, such as improving veterans' access. However, it is unclear how these specific metrics are linked to assessing overall progress towards VHA's strategic goals and objectives. As a result, VHA may not know to what extent VISNs' and VAMCs' efforts to operationalize its goals and objectives are adequately addressing top management concerns or department-wide strategic goals.

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## Abbreviations

|            |   |
|------------|---|
| Choice Act | Veterans Access, Choice, and Accountability Act of 2014 |
| FY         | fiscal year   |
| GPRA       | Government Performance and Results Act of 1993          |
| GPRAMA     | GPRA Modernization Act of 2010                          |
| NLC        | National Leadership Council                             |
| VA         | Department of Veterans Affairs                          |
| VAMC       | VA medical center                                       |
| VHA        | Veterans Health Administration                          |
| VISN       | Veterans Integrated Service Network                     |

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October 21, 2016

The Honorable Jeff Miller  
Chairman  
The Honorable Mark Takano  
Acting Ranking Member  
Committee on Veterans' Affairs  
House of Representatives

The Honorable Corrine Brown  
House of Representatives

The Honorable Derek Kilmer  
House of Representatives

The Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) operates one of the nation's largest health care systems through its 168 VA medical centers (VAMC) and more than 1,000 outpatient facilities with a total budget of nearly \$51 billion in fiscal year (FY) 2015.<sup>1</sup> VHA provided care to about 6.7 million veterans in FY 2015, and the demand for its services is expected to grow in the coming years.

Due to changes in the veteran population, including increases in the number of women and those between the ages of 65 and 84, the health care needs of veterans may also change. These and other changes, such as innovations in technology and health care delivery, may affect VHA's current strategies for accomplishing its mission to provide care to the nation's veterans. Strategic planning—including identifying mission, vision, goals, and objectives, and operationalizing strategies to achieve those goals and objectives—is key to VHA's ability to establish its

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<sup>1</sup>VAMCs manage outpatient facilities located within their respective medical centers; these outpatient facilities include community-based outpatient clinics and health care centers. Community-based outpatient clinics are located in areas surrounding VAMCs and provide primary care and some specialty care services that do not require a hospital stay. Health care centers are large multi-specialty outpatient clinics that provide surgical services in addition to other health care services. For the purpose of this report, when we mention VAMCs, we are referring to all of its components.

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strategic direction and can help VHA anticipate and respond to this demand and provide care in a dynamic environment.<sup>2</sup>

We and others have expressed significant concerns about VHA's management of its health care system, including VHA's ability to effectively provide and oversee timely access to health care for veterans.<sup>3</sup> These concerns have contributed to our conclusion that VA health care is a high-risk area, and we added it to our High-Risk List in 2015.<sup>4</sup> To improve access to veterans' health care, among other things, Congress enacted and the President signed into law the Veterans Access, Choice, and Accountability Act of 2014 (Choice Act).<sup>5</sup> The Choice Act required VA to contract with a private entity to conduct an independent assessment of 12 areas of its health care delivery system and management processes, including VHA's leadership.<sup>6</sup> The independent assessment report, which

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<sup>2</sup>Operationalizing in this context refers to the development and implementation of initiatives, programs, or actions that will be used to accomplish the organization's goals and objectives.

<sup>3</sup>See, for example, GAO, *VA Health Care: Actions Needed to Improve Newly Enrolled Veterans' Access to Primary Care*, [GAO-16-328](#) (Washington, D.C.: Mar. 18, 2016) and GAO, *VA Mental Health: Clearer Guidance on Access Policies and Wait-Time Data Needed*, [GAO-16-24](#), (Washington, D.C.: Oct. 28, 2015). See also, for example, the Department of Veterans Affairs, Office of Inspector General, *Veterans Health Administration, Review of Alleged Patient Deaths, Patient Wait Times, and Scheduling Practices at the Phoenix VA Health Care System*, Report No. 14-02603-267 (Washington, D.C.: Aug. 26, 2014) and the Department of Veterans Affairs, *Access Audit, System-Wide Review of Access, Results of Access Audit Conducted May 12, 2014, through June 3, 2014*.

<sup>4</sup>GAO, *High Risk Series: An Update*, [GAO-15-290](#), (Washington, D.C.: February 2015). GAO maintains a High-Risk List to focus attention on government operations that it identifies as high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.

<sup>5</sup>Pub. L. No. 113-146, 128 Stat. 1754 (2014).

<sup>6</sup>Pub. L. No. 113-146, § 201, 128 Stat. 1769. VHA commissioned the Centers for Medicare & Medicaid Services Alliance to Modernize Healthcare (operated by MITRE Corporation, a private entity) and the Institute of Medicine to conduct the assessment. Parts of the evaluation were subcontracted to other organizations, including the RAND Corporation.

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VHA reported cost \$68 million, was released in September 2015.<sup>7</sup> It made recommendations across each of the 12 areas that support the report's four systemic findings of (1) a disconnect in the alignment of demand, resources, and authorities; (2) uneven bureaucratic operations and processes; (3) non-integrated variations in clinical and business data and tools; and (4) leaders not fully empowered due to a lack of clear authority, priorities, and goals. For example, to address a disconnect in the alignment of demand, resources, and authorities, the report includes a recommendation to develop a governance board to define the strategic direction for VHA and to ensure accountability for the achievement of established performance measures.<sup>8</sup>

In addition to requiring the independent assessment, the Choice Act established the Commission on Care to examine veterans' access to VA health care and to examine how best to organize VHA, locate health resources, and deliver health care to veterans during the next 20 years.<sup>9</sup> The Commission on Care's interim report was published on December 4, 2015, and a final report with 18 recommendations was submitted to the President on June 30, 2016.<sup>10</sup> These reports and their findings have identified not only the need for VHA to modify a significant number of its processes and procedures in the short term, but also the need for VHA to

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<sup>7</sup>See Centers for Medicare & Medicaid Services Alliance to Modernize Healthcare, *Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs* (Sept. 1, 2015).

<sup>8</sup>See *Independent Assessment*, Volume I. According to VHA, the report contains a total of 188 recommendations.

<sup>9</sup>Pub. L. No. 113-146, § 202, 128 Stat. 1773. The commission is comprised of 15 members appointed by Congressional leaders or the President and its members must meet certain qualifications. For example, at least one member must represent an organization that represents veterans and at least one other member must have experience as senior management for a private integrated health care system with an annual gross revenue of more than \$50,000,000.

<sup>10</sup>Commission of Care, *Final Report of the Commission on Care* (Washington, D.C.: June 30, 2016). Although the report was dated June 30, 2016, it was not released until July 5, 2016. The Choice Act requires the President to submit a report to the Senate and House Committees on Veterans' Affairs and any other committees of Congress that the President considers appropriate within 60 days of the President's receipt of the commission report. The President responded to the Commission on Care report on September 1, 2016. In his response, the President concurred with 15 of the 18 recommendations made by the Commission on Care to transform veterans' health care and directed VA to develop plans to complete their implementation.

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implement long-term system-wide changes to help it meet its mission. For example, the Commission on Care reported that VHA lacks a long-term vision and continuity in the development and execution of plans and programs. To address these issues, the commission recommended establishing a board of directors to provide VHA overall governance, set long-term strategy, and direct and oversee the long-term transformation of VHA.

Based on concerns about VHA's ability to manage its health care system and provide timely care, you asked us to conduct a management review of VHA that encompasses several key organizational components, including its strategic planning.<sup>11</sup> This report examines

1. VHA's strategic planning process and
2. the extent to which VHA operationalizes its strategic goals and objectives.

To examine VHA's strategic planning process, we reviewed relevant documentation from VHA, such as policies and procedures describing the process and its alignment with VA's strategic planning process. We reviewed external assessments of VHA, such as the independent assessment report, to identify potential factors that may hinder the delivery of health care services, including recommendations for addressing these concerns. We also reviewed documentation and interviewed officials from three Veterans Integrated Service Networks (VISN)—VISNs 2, 20, and 23—and nine VAMCs within these VISNs—located in (1) Albany, New York; (2) Anchorage, Alaska; (3) Batavia, New York; (4) Bath, New York; (5) Boise, Idaho; (6) Fargo, North Dakota; (7) Hot Springs, South Dakota; (8) Minneapolis, Minnesota; and (9) Portland, Oregon—to gain insights into the role of VISNs and VAMCs in VHA's

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<sup>11</sup>For our work on organizational structure, see GAO, *VA Health Care: Processes to Evaluate, Implement, and Monitor Organizational Structure Changes Needed*, [GAO-16-803](#) (Washington, D.C.: Sept. 27, 2016). We have additional ongoing work related to human capital and information technology, with reports forthcoming.



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strategic planning process.<sup>12</sup> We selected the three VISNs to provide variation in geographic location, including one VISN that was also among those selected by VHA for realignment.<sup>13</sup> We then selected three VAMCs within each of these VISNs to reflect a range of geography, such as rural vs. urban locations, and facility complexity levels, as well as if the VAMC had any strategic planning best practices as identified by the VISNs.<sup>14</sup> The information we collected on strategic planning processes at the VISNs and VAMCs in our review is not generalizable system-wide. We also interviewed VHA and VA officials to discuss relevant roles and responsibilities in VHA's strategic planning process—including officials from VHA's Office of the Under Secretary for Health, Office of the Assistant Deputy Under Secretary for Health for Policy and Planning, and National Leadership Council (NLC); and VA's Office of Policy.<sup>15</sup> Additionally, we received information from the National Cemetery Administration and interviewed officials from Veterans Benefits Administration and representatives of veterans service organizations

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<sup>12</sup>VHA organizes its system of care into regional networks called VISNs. Each VISN is responsible for managing and overseeing VAMCs within a defined geographic area and reporting to the Deputy Under Secretary for Health for Operations and Management within VHA's central office. In October 2015, VHA began realigning its VISN network, which included merging several VISNs; when complete, this realignment will decrease the number of VISNs from 21 to 18. See [GAO-16-803](#).

<sup>13</sup>VA announced a major organizational initiative in September 2014 called MyVA. As part of this initiative, the department established a single regional framework for its three administrations—VHA, the Veterans Benefits Administration, and the National Cemetery Administration—dividing the United States into five regions based on state boundaries. According to VA, this regional framework is intended to align the previously disparate organizational boundaries of VA's administrations in order to promote internal coordination and to support the rollout of a Veteran Experience office dedicated to enhancing customer service capabilities across the department. Following the MyVA initiative's implementation, VHA announced plans to realign and, in some cases, merge VISNs so that they are geographically aligned with MyVA's regional boundaries, referred to as the VISN realignment.

<sup>14</sup>VA assigns each VAMC a complexity score derived from multiple variables to measure facility complexity arrayed along four categories, namely patient population served, clinical services offered, education and research complexity, and administrative complexity.

<sup>15</sup>The NLC is the advisory body for decision-making within VHA. It is composed of seven committees: (1) Healthcare Delivery Committee, (2) Healthcare Quality and Value Committee, (3) Information Technology Committee, (4) Resource Committee, (5) Strategic Direction Committee, (6) Veteran Experience Committee, and (7) Workforce Committee. The co-chairs of each committee are generally a network director and a program office leader for the applicable subject area.

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about VHA's strategic planning process, including their involvement, if any, in the process.<sup>16</sup>

To determine the extent to which VHA operationalizes its strategic goals and objectives, we reviewed relevant documentation from VHA that describes its processes, including how, if at all, VHA implements, oversees, communicates, evaluates, and revises its strategic goals and objectives as needed. We reviewed documents, including VHA's FY 2013-2018 strategic plan, and other documents, such as VHA directives and policies, that describe requirements and guidance for operationalizing VHA's strategic goals and objectives. We interviewed VHA and VA officials to discuss relevant roles and responsibilities as they relate to operationalizing VHA's strategic goals and objectives, including officials from VHA's Office of the Under Secretary for Health, Office of the Assistant Deputy Under Secretary for Health for Policy and Planning, and NLC; and VA's Office of Policy. We also reviewed documentation and interviewed officials from the three VISNs and nine VAMCs in our review to discuss their roles and responsibilities, including any challenges and best practices, in operationalizing VHA's strategic goals and objectives. We also interviewed these officials on the extent to which VHA monitors their efforts.

For both of our reporting objectives, we assessed VHA's strategic planning process and its efforts to operationalize its strategic goals and objectives against relevant federal internal control standards.<sup>17</sup> We also assessed its efforts against leading practices in federal strategic planning, including (1) leading practices for planning at lower levels within federal agencies, including individual programs or initiatives, based on practices required of federal departments under the Government Performance and Results Act of 1993 (GPRA), as enhanced by the GPRA Modernization

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<sup>16</sup>We interviewed representatives from the following veterans service organizations: American Legion, Disabled American Veterans, Iraq and Afghanistan Veterans of America, and Paralyzed Veterans of America.

<sup>17</sup>GAO, *Standards for Internal Control in the Federal Government* [GAO/AIMD-00-23.3.1](#) (Washington, D.C.: November 1999) and GAO, *Standards for Internal Control in the Federal Government* [GAO-14-704G](#) (Washington, D.C.: September 2014). Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

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Act of 2010 (GPRAMA)<sup>18</sup> and (2) related leading practices that our past work has identified.<sup>19</sup>

We conducted this performance audit from September 2015 through October 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

In carrying out its mission of providing services to veterans, VA's programs are administered through its three major administrations—VHA, Veterans Benefits Administration, and National Cemetery Administration—and VA engages all of its administrations in its strategic planning process. VA's Office of Policy is responsible for ensuring integration, collaboration, and cooperation across VA with regard to policy and strategy development. This office also leads VA's strategic planning efforts and is involved with managing VA's governance process. Within the Office of Policy, the Policy Analysis Services, the Strategic Studies Group, and the Strategic Planning Service support this work. In March

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<sup>18</sup>GPRA, Pub. L. No. 103-62, 107 Stat. 285 (1993); GPRAMA, Pub. L. No. 111-352, 124 Stat. 3866 (2011). Among other things, executive agencies, including VA, are required to develop long-term strategic plans every 4 years, each of which must include certain components, such as a mission statement and general goals and objectives, and are required to make their plans available to the public, with notice to the President and the Congress. The next strategic plans are due in February 2018. We have previously identified related leading practices in GAO's past work. See GAO, *Agencies' Strategic Plan Under GPRA: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#), (Washington, D.C.: May 1997), *Managing For Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997), *Environmental Justice: EPA Needs to Take Additional Actions to Help Ensure Effective Implementation*, [GAO-12-77](#) (Washington, D.C.: Oct. 6, 2011). For more information on how GPRA and GPRAMA may be used as leading practices at lower levels within federal agencies, see GAO, *Foreign Aid Reform: Comprehensive Strategy, Interagency Coordination, and Operational Improvements Would Bolster Current Efforts*, [GAO-09-192](#) (Washington, D.C.: Apr. 17, 2009).

<sup>19</sup>For example, see GAO, *Managing for Results, Critical Issues for Improving Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997) and *Agencies' Strategic Plans under GPRA: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1997).

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2014, VA published its current strategic plan, *Department of Veterans Affairs FY 2014 - 2020 Strategic Plan*, which identifies the department's mission, values, and three strategic goals.

Within VHA, the Office of the Assistant Deputy Under Secretary for Health for Policy and Planning supports and advises several VHA offices—the offices of the Under Secretary for Health, Principal Deputy Under Secretary for Health, and the Deputy Under Secretary for Health for Policy and Services—on the development and implementation of VHA policy, strategic planning, and forecasting.<sup>20</sup> VHA's Under Secretary for Health directs all aspects of VHA's health care system, including its annual budget and overseeing the delivery of care to veterans, as well as the health care professionals and support staff that deliver that care.

In December 2012, VHA published its current strategic plan, *VHA Strategic Plan FY 2013 – 2018*, which identifies its mission and vision and guides budgeting, performance management, and service alignment across VHA, and its plans for how to provide for the health care needs of veterans.<sup>21</sup> (See app. I.) The plan also outlines VHA's three goals and 17 objectives that are to be used to guide planning, budgeting, performance management, and service alignment across VHA; those three goals are to: (1) provide veterans personalized, proactive, patient-driven health care, (2) achieve measurable improvements in health outcomes, and (3) align resources to deliver sustained value to veterans. *VHA Directive 1075: Strategic Planning* Process is VHA's most current strategic planning guidance, and it outlines how VHA will identify its strategic

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<sup>20</sup>VHA's Office of the Assistant Deputy Under Secretary for Health for Policy and Planning is comprised of three major program units: (1) the Office of Policy Analysis and Forecasting, which provides data and analyses to support VHA strategic and capital planning, policy, and budget decisions; (2) the Office of Rural Health, which collaborates with other VHA program offices, and federal, state and local partners, on the use of available and emerging technologies, the establishment of new access points to care, and the employment of strategies to increase health care options for rural veterans; and (3) the Office of Strategic Planning and Analysis, which provides data and analyses to facilitate strategic planning and decision making across VA.

<sup>21</sup>See Department of Veterans Affairs, Veterans Health Administration, *VHA Strategic Plan FY 2013 – 2018*.

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priorities and establish and execute its strategic plan, as well as identifies roles and responsibilities in this process.<sup>22</sup>

In recent years, VA and VHA have established several new initiatives, activities, and priorities in response to changes in internal and external factors—including VHA leadership changes, congressional concerns regarding veterans’ access to care, and the placement of VHA on our High-Risk List. Specifically, VA and VHA have developed the following new initiatives and priorities in the last 2 years:

- MyVA: This VA-wide initiative was launched in July 2015 and is aimed towards transforming the veterans’ experience. VA has developed five priorities for this initiative: (1) improving the veteran’s experience, (2) improving the employee experience, (3) improving internal support services, (4) establishing a culture of continuous improvement, and (5) enhancing strategic partnerships.<sup>23</sup>
- “The Under Secretary for Health’s Five Priorities:” VHA’s Under Secretary for Health established these priorities after being appointed to his position in July 2015. The five priorities are to (1) improve access, (2) increase employee engagement, (3) establish consistent best practices, (4) build a high-performing network (which includes VA and non-VA providers), and (5) rebuild the trust of the American people.
- “The Secretary’s 12 Breakthrough Priorities:” These priorities describe focus areas for the MyVA initiative and were first presented in a January 2016 testimony by the Secretary of VA to the Senate Committee on Veterans’ Affairs. Several of these priorities—such as improving the veterans experience, increasing access to health care,

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<sup>22</sup>Department of Veterans Affairs, Veterans Health Administration, *VHA Directive 1075: Strategic Planning Process*, (March 10, 2014).

<sup>23</sup>See Department of Veterans Affairs, *MyVA Integrated Plan (MIP)* (July 30, 2015).

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and improving community care—are relevant to health care delivery in VHA.<sup>24</sup>

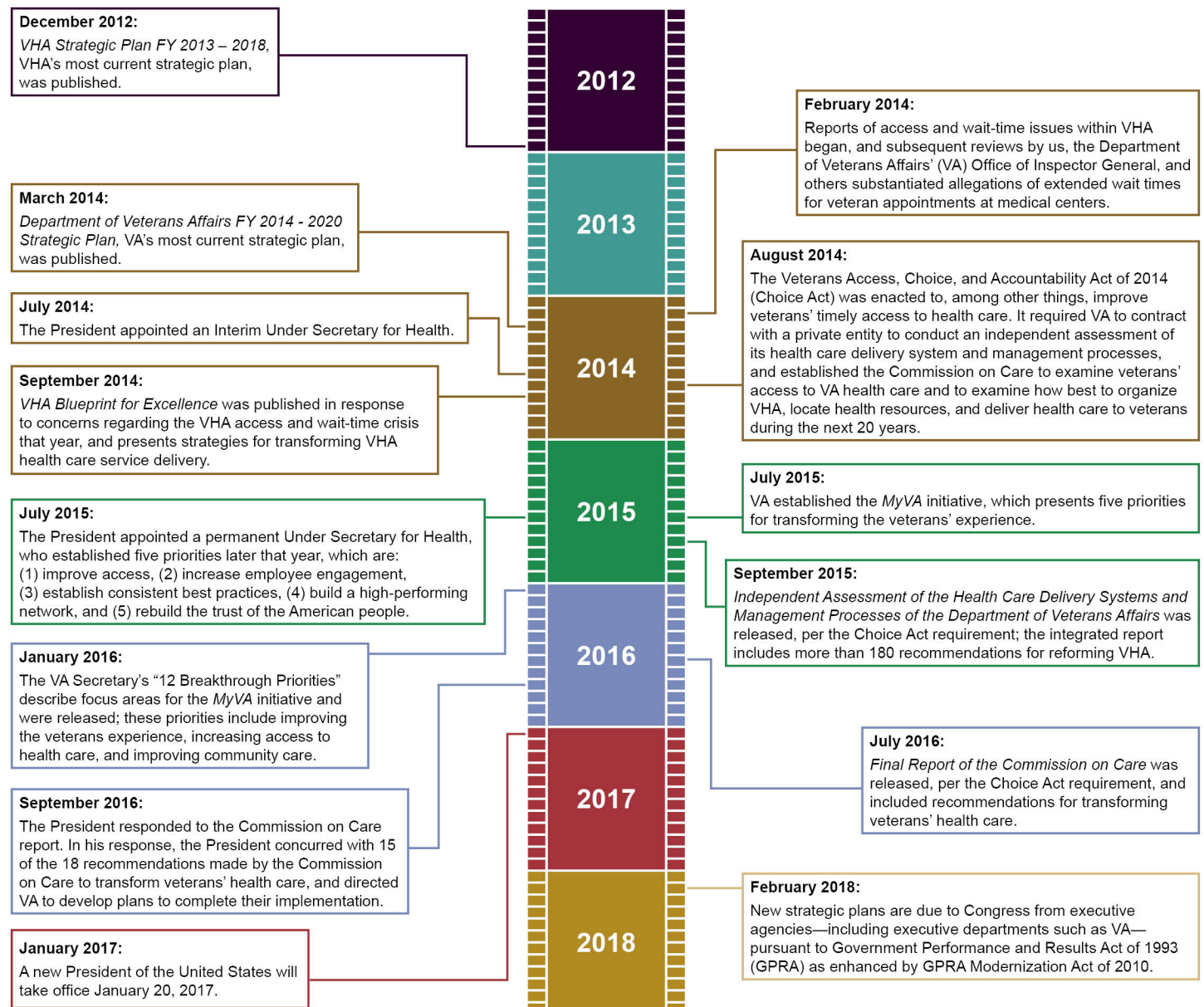
Additionally, in September 2014, VHA developed the *Blueprint for Excellence*, which presents strategies for transforming VHA health care service delivery in response to concerns regarding the VHA access and wait-time crisis that year.<sup>25</sup> These strategies, which are linked to the goals and objectives in VHA's current strategic plan, include operating a health care network that anticipates and meets the unique needs of enrolled veterans, in general, and the service disabled and most vulnerable veterans, and delivering high-quality, veteran-centered care that compares favorably to the best of private sector in measured outcomes, value, access, and patient experience. More recently, VHA developed a crosswalk for internal discussion documenting how the various VA and VHA initiatives, activities, and priorities—such as MyVA, *Blueprint for Excellence* strategies, the Under Secretary for Health's Five Priorities, and the Commission on Care report—relate to each other. See fig. 1 for a timeline of internal and external factors that have affected or may affect VHA's strategic goals and objectives.

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<sup>24</sup>See Department of Veterans Affairs, *VA's Transformation Strategy: Examining the Plan to Modernize VA: Before the Senate Committee on Veterans' Affairs*, 114<sup>th</sup> Cong., 2<sup>nd</sup> sess. (2016) (statement of Robert McDonald, Secretary, U.S. Department of Veterans Affairs). The other priorities include delivering a unified veteran experience, modernizing contact centers, improving the compensation and pension exam process, developing a simplified appeals process, continuing progress in reducing veteran homelessness, improving the employee experience, staffing critical positions, transforming Office of Information Technology, and transforming the supply chain.

<sup>25</sup>See Department of Veterans Affairs, Veterans Health Administration, *Blueprint for Excellence* (Sept. 21, 2014).

**Figure 1: Timeline of Factors that Have Affected or May Affect the Department of Veterans Affairs' (VA) Veterans Health Administration's (VHA) Strategic Goals and Objectives, during Fiscal Years (FY) 2013 – 2018**



Sources: Architect of the Capitol, Centers for Medicare & Medicaid Services Alliance to Modernize Healthcare, Choice Act, Commission on Care, GAO, GPRA Modernization Act of 2010, VA, VA Office of Inspector General, and VHA. | GAO-17-50

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## VHA Uses a Multi-Step Strategic Planning Process to Identify Strategic Goals and Objectives

VHA conducts a strategic planning process annually and through this process also established its current strategic plan. According to officials, VHA's current strategic plan was developed through its FY 2012 strategic planning process. VHA officials told us that they currently do not have plans to revise VHA's current strategic plan or develop a new one, but may, however, develop an operational plan that will cascade from and operationalize VA's strategic plan.<sup>26</sup> VHA officials told us that they do plan to continue to use their current annual strategic planning process to identify VHA's future strategic goals and objectives.

According to VHA officials, VHA's strategic planning process includes two key steps—(1) assessing the environment, which VHA refers to as environmental scanning, and (2) holding the annual NLC Strategic Planning Summit.<sup>27</sup> These steps are consistent with leading practices in strategic planning.<sup>28</sup> VHA conducts environmental scanning to identify and assess factors that may affect its future health care delivery. According to VHA policy, data from VHA's environmental scan, such as the projected number of veterans to be served, are to be used by VHA in developing its goals and objectives. In addition, the results from VHA's environmental scanning are to be used by VHA's Office of Policy and Planning and VHA program offices, in strategic decision making.

In addition to environmental scanning, the NLC Strategic Planning Summit is also key to VHA's strategic planning process, in that it is the primary forum through which VHA leadership identifies and discusses the strategic goals and objectives for the next year. The NLC is responsible for recommending new or revised strategic goals and objectives and for formulating strategies to achieve them. VHA's Office of Policy and Planning coordinates the summit and invites various stakeholders to attend—such as officials from VHA central office, including program offices; VA central office; Veterans Benefits Administration; National

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<sup>26</sup>The requirement for executive agencies—including executive departments such as VA—to develop strategic plans does not pertain to VHA. See, 5 U.S.C. § 306(f).

<sup>27</sup>Other components of VHA's annual strategic planning process include capital asset, workforce, and budget planning. See *VHA Directive 1075: Strategic Planning Process*, (March 10, 2014).

<sup>28</sup>For example, see GAO, *Executive Guide: Effectively Implementing the Government Performance Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1996), 14-16.



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Cemetery Administration; VISNs; and representatives of veterans service organizations. Veterans Benefits Administration and National Cemetery Administration officials indicated that they have varied levels of participation. Veterans Benefits Administration officials told us that they have historically attended several days of the summit, and National Cemetery Administration officials indicated that they may listen to the VHA's general body sessions during the summit. Even though officials from both administrations indicated they believe their input and coordination with VHA regarding its strategic planning was sufficient, Veterans Benefits Administration officials noted that increased engagement in VHA's strategic planning process would be beneficial, given the direct correlation between veterans' disability compensation ratings assigned by them and the subsequent care delivered from VHA.

During the course of the summit, the NLC determines if changes to VHA's strategic goals and objectives are needed. If there are changes, VHA's Office of Policy and Planning drafts a document, gathers additional stakeholder feedback, and presents the document to VHA's Under Secretary for Health for approval.

VHA also obtains and uses information from VA to inform its strategic planning process. For example, according to VA and VHA officials, VHA's environmental scanning process is, and has historically been, health-care focused, and is adjunct to the broad environmental scanning process conducted by VA. Officials noted that though distinct processes, VA's and VHA's environmental scanning processes are interrelated. VHA officials told us that they leverage VA's environmental scanning results in making decisions regarding VHA's strategic goals and objectives. Additionally, VA officials have historically been invited to participate in VHA's NLC Strategic Planning Summit, including the 2016 summit. VA's draft report of its environmental scanning identified changes in the veteran population, including growth in the number of veteran enrollees aged 65 and older, which VA officials reiterated at the 2016 NLC summit.

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## VISNs and VAMCs Are Responsible for Operationalizing VHA's Strategic Goals and Objectives, but VHA Has Not Developed Adequate Strategies or an Effective Oversight Process to Ensure Operationalization

VISNs and VAMCs Have Responsibility for Operationalizing VHA's Strategic Goals and Objectives, but VHA Has Not Defined VAMCs' Role

VISNs and VAMCs have responsibility for operationalizing VHA's strategic goals and objectives, including its strategic plan, according to VHA officials. Operationalizing involves putting strategic goals and objectives into use by an organization, and includes developing initiatives, programs, or actions that will be used to accomplish those goals and objectives.<sup>29</sup> VISNs and VAMCs must allocate resources, develop day-to-day activities, and create policies as part of that process.

However, we found that VHA provides limited guidance for VAMCs in how to operationalize VHA's strategic goals and objectives. First, VHA has not clearly identified VAMCs' responsibilities in operationalizing its strategic goals and objectives as it has for VISNs. For example, VHA Directive 1075 states that VISN directors are to be responsible for: developing

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<sup>29</sup>Program offices, which include the Office of Patient Care Services and the Office of Public Health, also contribute to VHA's strategic planning process by developing some of the programs and actions that VISNs and VAMCs use to provide health care services to veterans. Per VHA Directive 1075, these programs and actions use information from VHA's environmental scanning process, NLC committee recommendations, and VISN operational plans. In addition, program offices are responsible for contributing to VHA's strategic planning process by providing information on new technology, future health and business practices, benchmarking, and special population demographics. Program offices also serve as subject matter experts to NLC committees in their respective program areas.

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operational plans; annually tracking and reporting accomplishments in support of the VHA strategic plan; regularly updating plans to address local issues, such as geographic-specific needs; and providing input to inform future VHA goals, objectives, and strategies. However, there are no such stated responsibilities for VAMCs. According to federal internal control standards, successful organizations should assign responsibility to discrete units, and delegate authority to achieve organizational objectives. VHA and VISN officials told us that it is inferred that the VAMCs are part of the overall process even though there is no specific policy or guidance for VAMCs. All three VISNs in our review reported developing operational plans or strategies to operationalize VHA's goals and objectives at the VISN level, but two of the nine VAMCs in our review had not developed such strategies.

Second, in FY 2013, VHA provided VISNs with a strategic planning guide for operationalizing the current strategic plan, but did not provide a similar guide for VAMCs. According to the guide, its purpose was to assist VISNs in outlining a multi-year plan that aligned with VHA's current strategic plan and provide relevant information regarding the development of strategies, the process for conducting a strategic analysis, and the time frame for providing strategic planning information, such as strategies, to VHA central office.

The lack of guidance for VAMCs may hinder them from effectively operationalizing VHA's strategic goals and objectives, and may lead to inconsistencies in time frames, documentation, and data used for the strategic planning process. For those VAMCs in our review that developed strategies to operationalize VHA's strategic goals and objectives, for example, almost all developed local strategies on a fiscal-year cycle, which aligns with VHA's budgeting and strategic planning processes, but one VAMC developed strategies on a calendar-year cycle. Although there is no requirement for VAMCs to conduct strategic planning on a specific timeline, per leading practices for strategic planning, organizations should align their activities, core processes, and resources to ensure achievement of the agency's objectives.<sup>30</sup> In addition, per federal internal control standards, management should effectively

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<sup>30</sup>See [GAO/GGD-96-118](#).

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communicate information throughout the organization, as the organization performs key activities in achieving the objectives of the organization.<sup>31</sup>

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VHA Has Not Developed Adequate Strategies or an Effective Oversight Process to Ensure Operationalization of Its Strategic Goals and Objectives

VHA has not developed adequate strategies or an effective oversight process to ensure VHA's strategic goals and objectives are effectively operationalized. Specifically, VISNs and VAMCs lack consistently developed strategies for operationalizing VHA's strategic goals and objectives, and existing performance assessments are limited in measuring progress towards meeting these goals and objectives.

**Lack of consistently developed strategies.** VHA has not consistently developed strategies for VISNs and VAMCs to use in operationalizing its strategic goals and objectives. Strategies should describe how a strategic plan's goals and objectives are to be achieved, and should include a description of the operational processes, staff skills, use of technology, as well as the resources—such as, human, capital, and information—required. Among other things, our previous work has shown that strategies should have clearly defined milestones, outline how an organization will hold managers and staff accountable for achieving its goals, and be linked to the day-to-day activities of the organization.<sup>32</sup> In addition, individual strategies should be linked to a specific goal or objective. In September 2014, VHA published the Blueprint for Excellence to provide strategies for transforming VHA health care service delivery in response to concerns regarding the VHA wait-time crisis that year.<sup>33</sup> However, VHA did not develop a similar document for the other strategic planning years despite the development of multiple strategic documents, such as the Under Secretary for Health's five priorities.

Without developing adequate strategies to correspond to all of its strategic goals and objectives, the VISNs and VAMCs have limited guidance to help them operationalize VHA's strategic goals and objectives. Moreover, the day-to-day activities and initiatives developed by VISNs and VAMCs may not appropriately align with

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<sup>31</sup>See [GAO-14-704G](#).

<sup>32</sup>See [GAO/GGD-10.1.16](#), [GAO/GGD-97-180](#), [GAO-12-77](#), and [GAO-13-174](#).

<sup>33</sup>See Department of Veterans Affairs, Veterans Health Administration, *Blueprint for Excellence* (Sept. 21, 2014).

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those goals and objectives. A direct alignment between strategic goals and their associated strategies is important in assessing an organization's ability to achieve those goals.

**No process for ensuring and assessing progress in meeting all of VHA's strategic goals and objectives.** As our previous work has shown, assessments can provide feedback to an organization on how well day-to-day activities and programs developed to operationalize strategic goals and objectives contribute to the achievement of those goals and objectives. Specifically, formal assessments are to be objective and measure the results, impact, or effects of a program or policy, as well as the implementation and results of programs, operating policies, and practices; they can also help in determining the appropriateness of goals or the effectiveness of strategies.<sup>34</sup> However, VHA does not have effective oversight process for ensuring that VISNs and VAMCs are meeting all of its strategic goals and objectives.

According to VHA officials, there are currently two methods for assessing VHA's performance towards meeting selected strategic goals and objectives. One method is VISN and VAMC directors' individual annual performance plans. For FY 2016, these plans present VHA's strategies for providing a successful health care delivery system, including those outlined in its *Blueprint for Excellence*. The directors' plans include performance metrics, which VHA, as well as VISNs and VAMCs, can use to measure demonstrated progress of a VISN or VAMC in meeting these strategies. However, multiple strategic goals and objectives have been communicated to the field, such as the Under Secretary for Health's five priorities, and it is not clear how these goals align with the strategies in the current directors' performance plans or how progress towards them can be assessed. A VHA official, who is a member of the workgroup reviewing VHA's performance metrics, told us that over the years, performance metrics were added to the director performance plans as problems or needs arose without considering the overall purpose of the metric. VHA officials reported that they have reviewed the current plans and have revised them. According to a VHA official, the new plans will have fewer metrics, and will be more strategically focused on VA's and VHA's strategic

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<sup>34</sup>See [GAO/GGD-10.1.16](#), and [GAO/GGD-97-180](#).

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priorities, such as the Under Secretary for Health's five priorities.<sup>35</sup> According to VHA officials, implementation is planned for October 1, 2016. However, it is not clear how these metrics will be linked to the strategic goals and objectives in VHA's current strategic plan.

Veterans' satisfaction with VA's health care system is the second method for assessing VHA's performance towards meeting strategic goals and objectives, according to VHA officials. VHA currently collects information from a survey of veterans that addresses two of VA's priority goals, including improving access to health care, as experienced by the veteran.<sup>36</sup> According to VHA officials, for the veterans' access goal, there is a large degree of alignment between the department-wide goal and how VHA measures its progress towards meeting some of its access goals and objectives in its strategic plan. However, it is not clear how VAMCs and VISNs are to use veterans' satisfaction to assess progress toward meeting other goals and objectives that have been communicated to them—such as the Under Secretary for Health's five priorities that are not focused on access. VHA officials told us that no additional VHA-level assessments had been conducted to measure progress towards meeting strategic goals and objectives. Though VHA has performance information from VISN and VAMC directors' performance plans and veteran satisfaction surveys, the performance of the agency toward meeting VA's and VHA's other strategic goals and objectives may help provide a more complete picture of overall effectiveness.

In addition to a lack of adequate strategies and an effective oversight process, a large number of vacant, acting, and interim positions at some of the VISNs and VAMCs in our review have also created challenges for VHA in operationalizing its strategic goals and objectives. For example, officials from one VISN reported that acting and interim senior leadership positions within a facility in their region have had an effect on the operations of the VAMC, including the operationalization of VHA's

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<sup>35</sup>Per the VISN and VAMC director performance plan guidance, VHA leadership are to use appropriate performance measurement resources, operational indicators, and analytic tools, to continually monitor the broad range of operational, quality, safety, financial, and organizational health indicators that are necessary for a successful health care delivery system.

<sup>36</sup>The other priority goal is reducing the number of homeless veterans and is being addressed through collaboration with the Department of Housing and Urban Development, the Department of Labor, and the Veterans Benefits Administration.

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strategic goals and objectives. They added that the acting and interim senior leaders did not feel empowered to make long-term decisions regarding the operations of the medical center because they did not know how long they would hold the position. The Under Secretary for Health told us that one of VHA's top priorities for 2016 is to fill 90 percent of VAMC director positions with permanent appointments by the end of the year. The Under Secretary added that filling these positions would help address the current gaps in leadership and provide stability for the VAMCs.<sup>37</sup>

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## Conclusions

As the demand for health care by our nation's veterans increases, and concerns about VA's health care system persist, it is essential that VHA conduct the necessary strategic planning to achieve its goals and objectives. VHA has established a strategic planning process to identify strategic goals and objectives for accomplishing its mission, and VISNs and VAMCs are expected to operationalize these goals and objectives. However, VHA has not delineated a role for VAMCs in this process as it has for VISNs. Moreover, the lack of adequate strategies to operationalize VHA's strategic goals and objectives, as well as the lack of an effective oversight process for assessing progress, may hinder the achievement of VHA's goals and objectives. Without consistently developed strategies, the day-to-day activities and initiatives that are developed to operationalize VHA's strategic goals and objectives may not appropriately align with those goals and objectives. This may result in VHA not being able to determine if it is adequately addressing top management concerns or department-wide strategic goals. Further, because VHA does not have an effective process to assess progress in meeting its strategic goals and objectives, it does not have needed information on how well the day-to-day activities and programs of VISNs and VAMCs are contributing to their achievement.

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<sup>37</sup>As of August 16, 2016, there were 124 out of 140 (89 percent) VAMC director positions currently filled within VHA. VHA recently launched a national recruitment announcement to fill the remaining 16 director positions.

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## Recommendations for Executive Action

We recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following three actions:

1. Define the roles and responsibilities of VAMCs in operationalizing VHA's strategic goals and objectives; this could be accomplished by establishing roles and responsibilities for VAMCs similar to how VHA defines roles and responsibilities for VISNs in VHA Directive 1075 and by developing guidance for VAMCs similar to guidance developed for VISNs.
2. Consistently develop strategies that can be used by VISNs and VAMCs to operationalize VHA's goals and objectives, ensuring that they clearly link directly to VHA's goals and objectives.
3. Develop an oversight process to assess progress made in meeting VHA's strategic goals and objectives, including feedback on how well activities and programs are contributing to achieving these goals and objectives.

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## Agency Comments and Our Evaluation

We provided VA with a draft of this report for its review and comment. In its written comments, reproduced in appendix II, VA concurred with our three recommendations, and described the actions it is taking to implement them by September 2017. VA described the role that community-based outpatient clinics and health care centers play as critical health care access points for veterans and commented that our draft report does not mention these access points as components of VAMC service delivery systems. While our report draft noted the role of community-based outpatient clinics and health care centers in VA's service delivery system, we clarified that these facilities are components of VAMCs. VA also commented that our report draft does not mention the essential role that VHA program offices play in contributing to and implementing the VHA strategic plan. Our report states that program offices contribute to VHA's strategic planning process by developing some of the programs and actions that VISNs and VAMCs use to provide health care services to veterans. VA also provided technical comments, which we incorporated as appropriate.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to appropriate congressional committees, the Secretary of Veterans Affairs, the Under Secretary for Health, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.



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If you or your staff have any questions about this report, please contact me at (202) 512-7114 or [draperd@gao.gov](mailto:draperd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read 'D. Draper', with a stylized, cursive script.

Debra A. Draper  
Director, Health Care

# Appendix I: VHA Strategic Plan FY 2013 – 2018



**VA** Defining  
**HEALTH CARE** **EXCELLENCE**  
in the 21st Century

## **VHA Strategic Plan FY 2013 – 2018**

Following the National Leadership Council (NLC) Strategic Planning Summit, VHA finalized a set of goals and objectives. These 3 goals and 17 objectives address VA's strategic Imperatives. Please review the VHA Strategic Plan closely and let it serve as your primary guide for planning, budgeting, performance management, and alignment across the components of VHA.

### **VA Core Values:**

The Core Values are the basic elements of how we go about our work – they define “who we are” – and form the underlying principles we will use every day in our service to Veterans.

**Integrity**  
**Commitment**  
**Advocacy**  
**Respect**  
**Excellence**

### **VHA Mission:**

Honor America's Veterans by providing exceptional health care that improves their health and well-being.

### **VHA Vision:**

VHA will continue to be the benchmark of excellence and value in health care and benefits by providing exemplary services that are both patient-centered and evidence-based.

This care will be delivered by engaged, collaborative teams in an integrated environment that supports learning, discovery and continuous improvement.

It will emphasize prevention and population health and contribute to the Nation's well-being through education, research and service in national emergencies.

### **VHA Principles:**

VHA's principles are the philosophical pillars that are embedded in VHA's vision. They are embodied in our goals, objectives, and every initiative undertaken.

**Patient Centered**  
**Team Based**  
**Data Driven/Evidence Based**  
**Prevention/Population Health**  
**Providing Value**  
**Continuously Improving**

## VHA Goals and Objectives:

### 1. PROVIDE VETERANS PERSONALIZED<sup>1</sup>, PROACTIVE<sup>2</sup>, PATIENT-DRIVEN<sup>3</sup> HEALTH<sup>4</sup> CARE.

- a. *VA Health Care Delivery* – VA health care partners with each Veteran to create a personalized, proactive strategy to optimize health and well-being, while providing state-of-the art disease management.
- b. *Communication* – VHA will effectively communicate the VA model and strategy for delivering personalized, proactive, patient-driven health care to employees, Veterans, key partners and stakeholders, and will prepare our workforce to deliver this type of care.
- c. *Awareness & Understanding* – The VA model of personalized, proactive, patient-driven health care, which is delivered across the continuum from prevention through tertiary care and end of life, will be clearly defined and commonly understood as evidenced by survey results.
- d. *Access to Information & Resources* – Veterans will have *convenient access to information* about VA health benefits, their medical records, health information, expert advice, and the ongoing support needed to make informed health decisions and successfully implement their personal health plans.<sup>5</sup>
- e. *Quality & Equity* – Veterans will receive timely, high quality, personalized, safe effective and equitable health care, irrespective of geography, gender, race, age, culture or sexual orientation.
- f. *Innovation & Improvement* – VHA will drive an improvement culture by advancing innovation trials, emerging health technologies, and experimentation, through exploration of both constructive failures and dynamic successes, adopting practices that improve care while minimizing and managing acceptable risk.
- g. *Collaboration* – VHA will strengthen collaborations within communities, and with organizations such as the Department of Defense, the Department of Health and Human Services, academic affiliates, and other service organizations.

<sup>1</sup> **Personalized** - a dynamic adaptation or customization of recommended education, prevention and treatment that is specifically relevant to the individual user, based on the user's history, clinical presentation, lifestyle, behavior and preferences.

<sup>2</sup> **Proactive** - acting in advance of a likely future situation, rather than just reacting; taking initiative to make things happen rather than just adjusting to a situation or waiting for something to happen.

<sup>3</sup> **Patient-Driven** – an engagement between a patient and a health care system where the patient is the source of control such that their health care is based in their needs, values, and how the patient wants to live

<sup>4</sup> **Health** - a state of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity (*World Health Organization*)

<sup>5</sup> **Personal Health Plan** - A uniquely personalized plan for health that is built upon each patient's values, conditions, needs and circumstances which uses the most appropriate interventions and strategies. It addresses the skills and support needed to help engaged patients manage their disease, in order to regain and maintain optimal health and wellbeing, or manage chronic disease and disability to the greatest extent possible.

**2. ACHIEVE MEASURABLE IMPROVEMENTS IN HEALTH OUTCOMES.**

- a. *Expectations* – VHA performance expectations will be aligned to the VHA strategic goals.
- b. *Incentives* – Incentives will be in place for individual, team and organizational performance and results consistent with VHA strategic goals and objectives.

**3. ALIGN RESOURCES TO DELIVER SUSTAINED VALUE TO VETERANS.**

- a. *Support Services* – VA and VHA support services (e.g., contracting, human resources, information technology) will be aligned and coordinated in ways to ensure agile responses to VISN/program needs related to health care.
- b. *Operational Processes* – Clinical operations and business processes will be aligned to support implementation of the VA model of personalized, proactive, patient-driven health care, enabled through the reduction or elimination of distracting and unnecessary program mandates and underutilized physical resources.
- c. *Resources* – The Veterans Equitable Resource Allocation (VERA) model will be continually updated to better support personalized, proactive, patient-driven health care.
- d. *Agile Footprint* – VHA health delivery system capital footprints will be right-sized and aligned consistent with market projections, while ensuring agility to allow for rapid adaptation to policy changes, divestiture of unnecessary facilities and land, and changing Veteran demographics.
- e. *Capital Investments* – Strategic Capital Investment Planning (SCIP) proposals submitted from VHA will be consistent with current fiscal realities, long-range strategic imperatives, and the VA model of personalized, proactive, patient-driven health care.
- f. *IT Investments* – Information technology investments will be prioritized and made timely to support personalized, proactive health care improvements in a highly responsive manner.
- g. *Local Flexibility* – There will be flexibility for appropriate local decision making (e.g., make vs. buy decisions) to address local variation in population needs, such that VISNs, VAMCs and market area health systems can adapt locally to maximize access to and quality of a consistent package of VHA health care services.
- h. *Leadership* – VHA will achieve a highly effective, innovative, data-driven, evidence-based, continuously improving, and reliable health care system. By 2017, the system will be nationally recognized as a leader for population health improvement strategies, personalized care, and maximizing health outcomes in a cost-effective and sustainable manner.

# Appendix II: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420

September 28, 2016

Ms. Debra Draper  
Director, Health Care  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Draper:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**VETERANS HEALTH CARE: Improvements Needed in Operationalizing Strategic Goals and Objectives**" (GAO-17-50).

The enclosure provides our general and technical comments and sets forth the actions to be taken to address the GAO draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gina S. Farrissee".

Gina S. Farrissee  
Deputy Chief of Staff

Enclosure



Enclosure

Department of Veterans Affairs (VA) Comments to  
Government Accountability Office (GAO) Draft Report  
***“VETERANS HEALTH CARE: Improvements Needed in Operationalizing Strategic  
Goals and Objectives”***  
(GAO-17-50)

**GAO Recommendation:** GAO recommends the Secretary of Veterans Affairs  
direct the Under Secretary for Health to take the following three actions:

**Recommendation 1:** Define the roles and responsibilities of VAMCs in  
operationalizing VHA’s strategic goals and objectives; this could be  
accomplished by establishing roles and responsibilities for VAMCs similar to how  
VHA defines roles and responsibilities for VISNs in VHA Directive 1075 and by  
developing guidance for VAMCs similar to guidance developed for VISNs.

**VA Comment:** Concur in principle. This recommendation addresses High Risk Area 1  
(ambiguous policies and inconsistent processes). The Veterans Health Administration  
(VHA) will provide clear expectations and processes to ensure alignment of field offices,  
to include VA medical centers (VAMCs) and community-based outpatient clinics  
(CBOCs), as well as program office operations consistent with VHA goals and  
objectives.

In accordance with VHA Directive 1075, VHA’s Office of Policy and Planning will issue  
planning guidance based on strategic direction from the National Leadership Council  
Strategic Planning Summit, and in consultation with program office and field subject  
matter experts relevant to operationalizing the goals, objectives and strategies. The  
guidance will communicate roles and responsibilities for the program offices, Veterans  
Integrated Service Networks (VISNs), and VAMCs, to ensure their plans consistently  
cascade from strategic to operational to tactical for operationalizing VHA’s strategic  
goals and objectives.

For clarification, VISNs are currently the operational units in VHA so VAMCs’  
responsibilities are managed at the VISNs. This direct responsibility was established in  
1995 with the *Vision for Change* reorganization report to Congress:

*“The VISN is designed to be the basic budgetary and planning unit of the  
veterans’ health care system.”*

*“The role of the facility director in decisions affecting the delivery of patient  
care services will shift from one of independent action to one of collaboration  
within the network. It is anticipated that each VISN director will work closely  
and in a collegial fashion with representatives of all the facilities in the VISN to  
ensure that the views and concerns of facility managers are fully considered  
as decisions are made relative to the fulfillment of the goals and objectives of  
the VISN as a whole.”*

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VHA's Office of Policy and Planning will initiate a VHA Central Office and VISN organization analysis at the beginning of calendar year 2017. This analysis will further clarify roles and responsibilities.

In Spring 2017, the National Leadership Council will hold their Strategic Planning Summit in keeping with VHA's strategic planning cycle per VHA Directive 1075. The June 2017 completion date will account for implementation of the Commission on Care recommendations, the Department of Veterans Affairs (VA) 2018 – 2024 strategic plan, and will also be timely for incorporating strategic direction and initiatives that may result from a new administration as a result of the 2016 presidential election. The status is in process and the target completion date is June 2017.

**Recommendation 2.** Consistently develop strategies that can be used by VISNs and VAMCs to operationalize VHA's goals and objectives, ensuring that they clearly link directly to VHA's goals and objectives.

**VA Comment:** Concur. This recommendation addresses High Risk Area 1 (ambiguous policies and inconsistent processes). VHA will provide clear expectations and processes to ensure alignment of field (VAMC and CBOC) and Program Office implementation is consistent with VHA goals and objectives.

Strategies consist of what the organization will “do” to achieve its objectives, i.e., the broad, overall priorities or direction for actions by an organization. VHA's Office of Policy and Planning's future guidance document will include strategies that expressly link back to organizational goals and objectives. The guidance will also provide a standard framework within which program offices, VISNs, and VAMCs, must articulate resource requirements (e.g. technology, human capital, and information), cross-functional skill and knowledge requirements, tactics and milestones that clearly link strategic, operational and tactical activities to goals and objectives. These implementation plans will serve as a foundational reference for managing operations and monitoring progress toward the achievement of goals, objectives and priorities.

These actions will be completed subsequent to the issuance of the planning guidance in June 2017. The September 2017 completion date allows for program offices, VISNs and VAMCs to convene planning meetings and produce and submit their plans consistent with VHA Directive 1075. The status is in progress and the target completion date is September 2017.

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**Recommendation 3. Develop an oversight process to assess progress made in meeting VHA’s strategic goals and objectives, including feedback on how well activities and programs are contributing to achieving these goals and objectives.**

**VA Comment:** Concur. This recommendation addresses High Risk Area 2 (inadequate oversight and accountability). VHA will establish a process for tracking progress on implementation of strategies and initiatives aligned to goals, objectives and priorities, to include an iterative feedback loop on progress using agreed upon measures of performance.

VHA’s Office of Policy and Planning will collaborate with VA’s Office of Policy and Planning, the MyVA Program Office, VHA’s Office of Organizational Excellence, and other appropriate organizational components to establish or clarify the objectives, measures and oversight process that will be used to track progress. Given the transition process, which all of Federal government has already started, we fully anticipate fiscal year 2017 to be a transition year. Once the new VA Quadrennial Strategic Plan is established in accordance with the Government Performance and Results Act around February of 2018, tracking progress on goals and objectives will be more soundly based on the (2018-2024) VA strategic plan. A three-phase process is outlined below.

First, VHA’s Office of Policy and Planning collaborates with the Under Secretary for Health, the VA Office of Policy and Planning, and other program offices to update the planning process, develop a plan, and achieve alignment of goals, objectives, priorities and strategies within VHA and across VA.

Second, VHA’s Office of Policy and Planning will monitor implementation on a periodic (e.g., quarterly) basis to identify when initiatives or programs are progressing appropriately or at risk of not achieving goals and objectives in accordance with priorities. VHA’s Office of Policy and planning will elevate at-risk activities to the appropriate level of leadership to immediately address challenges (e.g., policy changes needed), barriers (e.g., funding or staffing constraints) or programmatic changes.

Third, performance plans for senior executives will include requirements to provide oversight so that day-to-day activities on initiatives and programs are consistent with organizational goals, objectives and priorities. Executive performance, and performance of the organizations they lead, will be assessed using periodic review of



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performance against established organizational metrics associated with priorities, and  
annual performance plans of senior executives.

Actions will be completed about 60 days after the Spring 2017 National Leadership  
Council Strategic Planning Summit. This timing will allow for the new administration to  
begin shaping VA's 2018 – 2024 strategic plan to include goals, objectives, priorities,  
initiatives and strategies, and how they impact programs and activities. The status is in  
process and the target completion date is June 2017.

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(GAO-17-50)

**General Comment:**

The Veterans Health Administration (VHA) appreciates the work of the Government Accountability Office (GAO) in describing our strategic planning process. We will use GAO's findings and recommendations to continue to improve policies and processes in fulfilling our mission of honoring America's Veterans by providing exceptional health care that improves their health and well-being.

For clarification regarding VHA's operating structure, Veterans Integrated Service Networks (VISNs) are currently the field operational units in VHA so VA Medical Centers' (VAMCs) responsibilities, as sub-units, are managed by the VISNs accountable to the Veterans in their geographic area. This direct responsibility was established in 1995 with the *Vision for Change* reorganization report to Congress:

*“The VISN is designed to be the basic budgetary and planning unit of the veteran's health care system.”*

*“The role of the facility director in decisions affecting the delivery of patient care services will shift from one of independent action to one of collaboration within the network. It is anticipated that each VISN director will work closely and in a collegial fashion with representatives of all the facilities in the VISN to ensure that the views and concerns of facility managers are fully considered as decisions are made relative to the fulfillment of the goals and objectives of the VISN as a whole.”*

It is important to note that in addition to VAMCs, Community Based Outpatient Clinics (CBOCs) and Health Care Centers (HCCs) also provide direct care to Veterans. The draft report does not mention these critical health care access points as components of VAMC service delivery systems – but these local systems are responsible for operationalizing the organization's strategic goals, objectives and priorities in the health care market, for the population of Veterans that they serve.

The draft report also does not mention the essential role that VHA program offices play in contributing to, and implementing, the VHA strategic plan. Program offices provide critical subject matter input including policies, guidance, and technical assistance, to support VHA in achieving the organization's goals, objectives and priorities. Program offices are also responsible for developing their own plans for operationalizing the goals and objectives, and must report on strategic and operational achievements.

VHA provides detailed guidance to program offices and VISNs for aligning the operational activities of their sub-units to strategic goals and objectives. VHA's fiscal

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Goals and Objectives”***  
(GAO-17-50)

year 2013-2018 Strategic Planning Guidance states, *“A strategic plan assists Chief Officers and VISN Directors in developing and implementing their own organizational vision that aligns with VHA goals and objectives driving budget, human capital (including succession planning), and infrastructure plans.”* It would fragment operations and detract from unity of command to have every sub-unit of a VISN, and every sub-unit of a program office to develop their own strategic plan. The organization retains better alignment by delegating strategic planning no further down than the VISN and Program Office. The planning below that level is primarily operational and tactical.

VISNs are the regional operating units to which VAMCs and CBOCs report. Chief Program Offices are operational units of VHA Central Office to which sub-offices report. Combined, the organizational components bring the full array of services to Veterans through initiatives, programs and actions.

Also, guidance and multiple communications were issued regarding implementation of the Blueprint for Excellence. The guidance and communications emphasized the 10 strategies and 27 high priority actions that operationalize all three VA and VHA strategic goals.

VHA issued detailed guidance throughout the organization specific to operationalizing three of the Under Secretary for Health's five priorities. That guidance included the Access Guidebook for improving access, Care in the Community guidance for creating a high performance network, and the Diffusion Council for disseminating best practices. The Access Guidebook and the Care in the Community guidance both operationalize VHA Strategic Goal #1: provide Veterans personalized, proactive, patient-driven health care. The Diffusion Council operationalizes VHA Strategic Goal # 3: align resources to deliver sustained value to Veterans.

VHA is strongly committed to developing long-term solutions that mitigate risks to the timeliness, cost-effectiveness, quality and safety of VA's health care system. VHA is using the input from GAO and other advisory groups to identify root causes and to develop critical actions. The content in this draft report applies to high risk areas 1 (ambiguous policies and inconsistent processes) and 2 (inadequate oversight and accountability). VHA will provide clear expectations and processes to ensure alignment of field and program office operations consistent with VHA goals and objectives.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Debra A. Draper, (202) 512-7114 or [draperd@gao.gov](mailto:draperd@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Janina Austin, Assistant Director; Kelli A. Jones, Analyst-in-Charge; Jennie Apter; and LaKendra Beard made key contributions to this report. Also contributing were George Bogart, Christine Davis, Jacquelyn Hamilton, and Vikki Porter.

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